

Division of Oil and Gas
Indiana Government Center South
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Indianapolis, IN 46204

Herschel L. McDivitt
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MEMORANDUM 2006-5

To: All Indiana Oil and Gas Operators
From: Herschel McDivitt, Director
Date: August 15, 2006
Subject: Multi-Year Plugging Agreements

Based on information from a number of operators at our informational meetings held since the announcement of the new direction we are taking on inactive wells in Indiana, we believe that operators will be choosing to plug and abandon a significant number of currently inactive wells rather than requesting approval for temporary abandonment. Additionally, at the informational meetings, the Division of Oil and Gas (Division) announced that it would allow the consideration of multi-year plugging agreements where operators are unable to complete the plugging activities within the specified 12-month period.

From recent feedback we have been receiving, there appears to be some confusion as to what specific information is expected to be submitted to the Division by the September 1, 2006, deadline in situations where the operator has determined that wells are to be plugged and abandoned. Specifically, questions have been asked as to whether the operator must have completed both an Application for Temporary Abandonment or Plugging Deferral (form A3) and a Fluid Level/Pressure Test Report (form R6) for submittal by the September 1st deadline for every well the operator intends to plug.

This memorandum is intended to clarify the requirements for requesting authorization to defer the plugging and abandonment of wells beyond the specified 12-month period and for voluntarily entering into a multi-year agreement to complete the plugging operations. In lieu of submitting the A3 and R6 forms for wells which are intended to be plugged, operators may submit a letter containing the following information to the Division by September 1:

- A list of the wells to be plugged including the permit number, farm name, and well number;
- A description of the reasons why the wells will not be able to be plugged within 12 months; and
- The proposed date by which the wells are intended to be plugged.

An example of a Multi-Year Plugging Agreement is attached for your information and review. Following receipt of the above well information, the Division will draft a similar Multi-Year Plugging Agreement specific to your wells and send it for your review.

Questions regarding this document can be directed to me by e-mail at hmcdivitt@dnr.in.gov, or by phone at (317) 232-4058.



Herschel L. McDivitt, Director
Division of Oil and Gas

**STATE OF INDIANA
DIVISION OF OIL AND GAS**

MULTI-YEAR PLUGGING AGREEMENT

Name of Company:	ABC Oil Production Company of Indiana
Address:	12345 West Washington Street, Mayberry, Indiana

WHEREAS Indiana Code 14-37-8 requires owners or operators of wells for oil and gas purposes to plug and abandon wells that cease to produce oil or natural gas, or otherwise cease to be used for their permitted purposes;

AND that ABC Oil Production Company of Indiana (Well Owner) owns wells that it has determined should be plugged and abandoned;

AND FURTHER that the time required to plug these wells will be greater than 12 months;

NOW, THEREFORE, Well Owner desires to voluntarily enter into this Agreement with the Indiana Department of Natural Resources, Division of Oil and Gas (Division), thereby committing to complete the plugging of wells identified herein in accordance with the schedule established herein and also according to the following terms and conditions:

1. The wells incorporated into this Agreement include the following:

Permit #	Lease Name	Well #	Section	Twp.	Range	County
12345	Smith	1	4	6N	15W	Erie
12346	Smith	2	4	6N	15W	Erie
12347	Smith	3	4	6N	15W	Erie
12348	Jones	1	2	9N	17W	Roane
12349	Jones	2	2	9N	17W	Roane
12350	Jones	3	3	9N	17W	Roane
12351	Jones	4	3	9N	17W	Roane
12352	Evans	1	26	5S	23E	Chemung

2. The term of this Agreement shall be a period of 2 years expiring September, 15, 2008.

3. Well Owner shall:

- a. Plug a minimum of 4 wells per year during the period of this Agreement;
- b. Submit to the Division an annual status report summarizing its well plugging activities under this Agreement no later than the 12 month anniversary date each year this Agreement is in effect;
- c. Ensure that wells included in this Agreement are maintained in compliance with those provisions of IC 14-37 and 312 IAC 16 applicable to wells for oil and gas purposes;

EXAMPLE ONLY

- d. Monitor fluid levels or test the mechanical integrity of wells included in this Agreement if required by the Division until such time that the wells are plugged;
 - e. Ensure that any wells determined to pose a significant risk of fluid migration, contamination potential to the environment, or to the health and safety of the public shall be plugged promptly.
4. This Agreement may be revoked at any time by the Division for failure to comply with the terms and conditions herein. Failure to comply with the terms and conditions of this Agreement will result in the immediate issuance of a Notice of Violation of IC 14-37-8-1 by the Division for failure to properly plug and abandoned a well in a timely manner.
 5. This Agreement may be modified to increase or decrease the number of wells through mutual agreement of the Well Owner and the Division.

ACCEPTED AND AGREED TO this 5th day of September, 2006.	
Signature and title of operator or authorized agent:	For:
<div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> Signature Title </div>	ABC Oil Production Company of Indiana

Accepted by Division of Oil & Gas	Date signed:
<div style="border-bottom: 1px solid black; width: 100%;"></div> Herschel L. McDivitt, Director	

EXAMPLE ONLY